

**Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)**

Funded By U.S. Agency for International Development

**Baseline Efficiency Review and 18 Month Re Engineering
Plan for the Investment
Promotion Corporation (IPC)**

Final Report

**Deliverable for Policy Component - Milestone # 7
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EXECUTIVE SUMMARY

The IPC is not close to international best practices in investment promotion. In all the areas detailed below as structural impediments, significant technical assistance is required over a sustained period. In the judgement of the consultants, assuming the financial resources are available and the management is willing to undergo this transition, it will take 2 years to bring the IPC up to international best practices. The following is a list of the current structural impediments:

- *Lack of Professional Business Office Space and Reception systems*
- Lack of Professional Staff Comportment
- Lack of Professional Internal Communications
 - *Lack of Planned Database, Database Management and Central Filing System (Paper and Electronic)*
- No Systematic Firm Level Investor Targeting System
- No Systematic Investor Tracking System
 - *Lack of Standard Operating Procedures (SOP's) Manual*
- *Lack of a Management by Objectives (MBO) System*
- *No Planned Human Resource Development System*
 - *No Qualified Industrial Zone (QIZ) Promotional Strategy and Program*
 - *No Reliable system of Performance Benchmarks*
- *Lack of Adequate Private Sector representation at Board level*
- *Mix of Promotion and Regulatory functions is not desirable. The separation of these functions is critical for success.*

Accordingly, the consultants recommend an 18 Month Re Engineering Plan for the IPC. The following systems are required to be installed into the IPC during that period in order to attain international best practices within the 18 month time period.

- **Investor Targeting System** – This will allow the IPC to have an ongoing system of analyzing the comparative and competitive strengths of their location vis a vis regional and international competition, and to target at firm level.
- **Management Information System** – Recommendations regarding the organization of information within the IPC are made in this chapter. Specifically, recommendations are made to construct three electronic (and paper) information collection, storage and retrieval systems.
- **Standard Operating Procedures (SOP's) System** – The structure of an exhaustive SOP Manual, together with Divisional and Job Descriptions are detailed.
- **Management by Objectives (MBO) System** – Many IPA's worldwide use this system effectively. A basic system design is introduced in this chapter.
- **Investor Maintenance System** – Reaching out to existing investors is critical. Evidence shows loss of investment occurs over long periods of time if a systematic approach is not taken here.
- **Investor Tracking System** – As the IPC promotional effort grows, the volume of clients will increase. A suitable electronic system to track all aspects of the IPC relationship with clients (current and prospective) needs to be installed as a matter of urgency.
- **Human Resource Development System** – Ad hoc training programs are detrimental to the development of an individual manager within the organization, and show little management involvement with, and interest in, the individual managers. A sustained and systematic program is required, fully targeted on the issues of work of the organization, and not covering the general management improvement systems, which now abound.

Finally, the following are recommended as a set of Performance Benchmarks to measure the performance of the IPC over time. At present there is no comprehensive set of these benchmarks within the IPC:

	<ul style="list-style-type: none"> • Dollar value and number of approved investments
	<ul style="list-style-type: none"> • Dollar value and number of realized investments

	<ul style="list-style-type: none"> Jobs created from realized investments
	<ul style="list-style-type: none"> Number of industrial sites available
	<ul style="list-style-type: none"> Number of double taxation treaties with FDI high potential origin countries
	<ul style="list-style-type: none"> Number of Presentations to target firms
	<ul style="list-style-type: none"> Number of proactive Site Visits to Jordan by target firms facilitated by the IPC
	<ul style="list-style-type: none"> Number of reactive Site Visits to Jordan facilitated by the IPC
	<ul style="list-style-type: none"> Number of agents/representatives appointed in target countries
	<ul style="list-style-type: none"> Number of outward investment promotion missions
	<ul style="list-style-type: none"> Dollar value of marketing spend
	<ul style="list-style-type: none"> Number of staff trained in a given period in investment promotion best practices

The details of the 18 month re-engineering plan are contained in chapters 5 thru 11. The outline time schedule (to be agreed on by IPC management) is contained in chapter 12.

Chapter 1 Introduction, Objectives and Methodology

Introduction

The Investment Promotion Corporation (IPC) is the official agency of the Government of Jordan (GOJ) charged with promoting Foreign Direct Investment (FDI) into the country. The Services Group (TSG) as a subcontractor to Chemonics on the USAID AMIR project, has completed this report.

Since 1992, the Government of Jordan has been initiating policy reforms to accelerate the flows of FDI, however the inflows have been below expectations. Jordan is in a region of the world which has been the least attractive in attracting FDI, and within that region it has attracted less FDI than most other countries. To address this issue the GOJ intends to strengthen the capacity of the IPC to market Jordan to prospective foreign investors, and three of the Milestones in the Year 1 Policy Component of the AMIR project address this objective:

- Milestone 7: A Baseline Efficiency Review and Development of an 18 Month Re Engineering Plan for the IPC
- Milestone 8: Development of an Investor's Roadmap to existing procedural and administrative barriers to business start up
- Milestone 9: Development of a Strategic Plan (together with Investor Servicing Guidelines) for the IPC.

The balance of this chapter covers the Objectives and Methodology of the report. Chapter 2 examines the strategic overview for the development of a capacity in Jordan for investment promotion. The Foreign Investment Advisory Service (FIAS), a joint service of the International Finance Corporation (IFC) and the World Bank completed this overview, which acts as a reference and starting point for the examination of the detailed procedures and practices of the IPC in this report. Chapter 3 sets out the 'Structural Impediments' present in the IPC, which prevent it from operating at international best practices.

Chapters 4 through 10 outline detailed recommendations for change within the IPC in the following areas:

- Investor Targeting System
- Management Information System
- Standard Operating Procedures System

- Management by Objectives System
- Investor Tracking System
- Human Resource Development System

Chapter 11 outlines a time schedule for the completion of an 18 month re engineering plan for institutional development in IPC which would bring the organization up to international best practices.

Chapter 12 discusses the establishment of performance benchmarks for the IPC, so as improvements can be measured over the period of the project. Finally, Chapter 13 recommends a framework for donor coordination in the IPC, specifically with reference to USAID, UNDP and the World Bank.

Appendix 1, entitled “Case Studies in Investment Promotion Agency (IPA) Practices”, is a discussion of a range of peer IPA practices from selected countries around the world. Ireland, Singaport, Egypt, Jamaica and the Dominican Republic are discussed.

Objectives

The objectives of this report are:

- To examine the existing operating procedures and practices within the IPC and indicate their status vis a vis international best practices as operated by such organizations as IDA Ireland, EDB Singapore and MEDIA of Mauritius.
- To detail the existing ‘Structural Impediments’ to international best practices within the IPC
- To make recommendations for change, with specific emphasis on the systems and procedures for investment facilitation and promotion
- To detail an 18 month Re Engineering Plan for the IPC which focuses on implementation of new and improved systems within the organization together with concurrent human resource development

Methodology

TSG consultants over the past six weeks have conducted interviews with the management and staff of the IPC beginning with visits by Mr. Hugh Doyle, Vice President of the Services Group who spent several days in the offices of the IPC in March of this year. Two consultants with TSG have also worked extensively with the management and staff on the Investor Roadmap Analysis which is in progress, and which is being done in cooperation with FIAS. Finally, the TSG consultant working on the IPC Strategic Plan has also made an input.

The above consultants have provided input into the observations to be made in this report, however the extensive analysis and recommendations were made by Mr.

Hugh Doyle and Mr. Samuel Morris (who is assigned to the IPC as a long term advisor and who has been present at the IPC on a full time basis since 9th March of this year)

Chapter 2 The Strategic Overview

The Nature and Role of Institutions in Investment Promotion

The experience gained with investment promotion agencies (IPA's) worldwide since the 1950's suggest three very important factors:

- Unless the entity promoting (be it a country, province or city) possesses the comparative and competitive advantages in its economic factors and trade policies (including competitive fiscal incentives) that coincide with those being sought by potential foreign investors, the abilities and institutional capacity of the IPA is largely irrelevant. An example here from the African continent is Malawi. This country has very little to offer potential foreign investors in terms of comparative and competitive advantage, so therefore the excellent institutional capacity of the local IPA, the Malawi Investment Promotion Agency (MIPA) is totally underutilized.
- IPA's are most useful to foreign investors early in the corporate location decision making process¹. This is the finding from many surveys regarding investment promotion issues, and the above noted survey of 131 firms in India, Thailand and Indonesia confirms this. The balance of resources and activities within an IPA need to be configured to reflect this finding.

Firms rely on their network of business associates for their primary source of assistance. Business partners, including distributors, suppliers, customers, formal joint venture partners, informal contacts, are the 'real' providers of key services. For example, an existing agency distributor relationship is one of the most likely sources for a joint venture by a foreign firm to manufacture in the country. Firms seeking to

¹ Export and Investment Promotion Services: Service Use and its impact on performance: Results of the Asia Surveys. A.I.D. Technical Report No. 18, Center for Development Information and Evaluation. 1994

manufacture overseas naturally turn first to business partners they know and trust.

- Unfortunately, the purely public service model of IPA's have not performed well in most countries, and the development of new institutional capacity within the IPC in Jordan must take this experience factor into account and proceed to develop the maximum amount of private sector linkages. Five factors, in particular, have contributed to the ineffectiveness of the purely public sector model²

1. *Unsuitability of Government Employees* – Public servants generally, badly adapt to the tasks of supplying services to commercial enterprises and to promoting business. They are generally not recruited or trained for such tasks. Their fundamental attitudes are geared towards administration, not commercial success, and their interests tend to lie in regulatory tasks and policy design.
2. *Inflexibility of Government Procedures* – In most governments in developing countries, expenditures by nearly all public sector agencies are subject to detailed scrutiny based on rigid bureaucratic procedures. For example, detailed travel requests may have to be submitted and justified many months in advance, often as part of the annual budget.
3. *Confusion of Purpose* – The business community's mistrust of public sector promotional agencies is deepened in countries where these organizations are responsible for regulatory tasks.
4. *Perpetuation of the Wrong Strategies* – In general, IPA's in developing countries have tended to bypass the critical stages of investor targeting research, etc. and have concentrated on moving too quickly to the active marketing stages, e.g. missions abroad.
5. *Misguided Evenhandedness* – In every international market transaction, there are hundreds of firms to examine and market to.

² Development Assistance Gone Wrong: Failures in Services to Promote and Support Manufactured Exports, by Keesing and Singer, EDI Seminar Series, Economic Development Institute of the World Bank.1991.

Public sector agencies tend to dislike choosing between firms, and instead they attempt to maintain an attitude of evenhandedness and nondiscrimination. In cases where foreign firms are asking for guidance regarding local joint venture partners, this is often a problem.

These issues brought out from international experience and operating best practices are crucial, and need to be taken into consideration when the IPC in Jordan is gearing up for a new “era” in investment promotion effectiveness.

The November 1997 FIAS Report³

This current report follows from the broad recommendations made in the November 1997 FIAS report on Jordan, which covered both the broad investment policy issues and the status of the IPC. The main recommendations of that report regarding the IPC operating systems were:

- To establish effective internal operating systems. All aspects of the IPC’s work urgently require in-house rules and procedures, for example, on how to follow up with investors, conduct meetings, make presentations, and so on.
- Introduce annual corporate plans for the IPC, derived from an agreed strategy that sets targets for the agency as a whole.
- Set up an investor tracking system to trace IPC relations with investors from initial contact to investment realization.
- Train and update the skills of current staff

The FIAS report did not address the structural inefficiencies or otherwise of the current systems in the IPC, but left this work for this Baseline Efficiency Study. However it was clear, from experience, to the personnel whom undertook the FIAS study that there were major operating practices and procedures in the IPC which were not at international best practice standard.

IPC Management and the FIAS Report

³ Promoting Foreign Direct Investment in Jordan: Policy, Strategy and Institutions. November 1997. Foreign Investment Advisory Service (FIAS) of the World Bank.

The recommendations regarding operating systems and procedures in the FIAS report, have been adopted by IPC management. Full cooperation has been given to the consultants in the preparation of this current 'follow-on' report.

Chapter 3 ‘Structural Impediments’ to Best Practice

The results of this evaluation of IPC institutional capacity indicate the following structural impediments to achieving international best practices:

Structural Impediment No. 1 – Lack of Professional Business Office Space and Reception systems

The IPC premises are located in an upscale residential area, in a converted apartment building and are reasonably acceptable in terms of exterior view. Ideally, however, the premises of the IPC would be in the center of the business district and would be in a modern business office complex to indicate to the visiting foreign investor that Jordan is a modern country operating within the new international business globalization environment. At present the image which first presents itself to the visitor is less than professional and serious. The following observations were made by the consultants:

- The first floor reception area is welcoming enough, and features a large conference room. The offices of the Direction located at the rear are commodious and well furnished.
- The premises of the staff on the remaining three floors are way below standard. The floors are not carpeted, or are carpeted with worn floor coverings, and as a result there is much noise and an unprofessional atmosphere. The entire three floors are in disrepair with worn furniture, unpainted walls and ceilings, and broken light fixtures. Building maintenance is poor, and the toilets are unsightly.
- There are no signs in English in the interior, and in many cases no signs in Arabic or English identifying departments, offices or individuals.
- Altogether, the prospective investor will not perceive the IPC to be an agency which has been accorded priority by the Government, nor that the Government considers his comfort and convenience of importance.
- There is no organized system for the reception of prospects at the IPC. Multilingual staff trained in reception and registration of visitors are not on duty in the reception area, and reception is at present haphazard and disorganized.
- The IPC has no records or logs on the details or on the number of inquiries received by fax, phone, or by personal visits.

Structural Impediment No. 2 – Lack of Professional Staff Comportment

The IPC is an office environment where foreign visitors are constantly 'in and out' of the offices of various officers and therefore it is vital that the overall staff comportment is excellent, as it is always 'on show'. Unfortunately this is not the current case:

- While many of the staff are well dressed and professional in manner, a good proportion do not dress up to the standards of a promotional organization. It is common practice for staff members to play radios at their posts.
 - Much communication is apparently conducted by shouting from one office to another. For good reason since the phones do not work very well, and there is no e-mail available to all staff. Altogether there is an undignified and lax atmosphere.
-

Structural Impediment No. 3 – Lack of Professional Internal Communications

Investment promotion in the competitive environment of the 1990's is centered around efficient, fast, and reliable electronic communications. Unfortunately the IPC systems are not up to this standard:

- Internal communications are slow and unreliable. The single fax machine is located at the desk of the Executive Secretary.
- Distribution of mail and faxes to the staff may take days.
- Phone service is poor. As noted above, there is no e-mail access.

Structural Impediment No. 4 – Lack of Planned Database, Database Management and Central Filing System (Paper and Electronic)

The following basic database fields are essential to the operation of an efficient IPA. The IPC does not possess these, and urgently requires building this capacity:

- industrial directory cross referenced by code and by location
- industrial services directory cross referenced as above
- database of available industrial and commercial buildings

- database of available industrial sites
- database on location and availability of public utilities in regard to industrial sites
- database on availability, wage rates, skills of the labor force
- database of peer support organizations such as Chambers of Commerce, local GOJ organizations., etc.
- database of transportation services
- database of engineering and other technical services
- database of financial institutions and services

There is no centralized filing system with the exception of the files for companies being granted investment incentives, and no access to files by the staff. Each staff member has his own files for information, marketing, projects, etc. Additionally, there are no electronic files, and there is only the occasional computer access for the staff. Finally, Internet access is unreliable and sporadic. It is not available to the staff on an ongoing basis as there is only one intermittent direct line.

Structural Impediment No. 5 – No Systematic Firm Level Investor Targeting System

The leading IPA's worldwide have a continuous program of investor targeting at firm level. Usually the Head Office plays a central research function by detailing to the overseas promotional offices those sectors and markets which offer the most potential for FDI inflows to their country. From this data, usually at Standard Industrial Classification (SIC) Code level 3 or 4, individual firms within the sectors with a) histories of, and (b) considered potential for overseas investment consideration, are targeted by the IPA for presentations on the advantages offered by their country as a manufacturing location.

Usually there is a system for following the conversion ratio's from presentations to site visits to realized investments, and indeed, in some of the more sophisticated IPA's, senior staff salaries are linked to the achievement of percentage conversion ratio targets.

Within the IPC there is no systematic targeting program.

Structural Impediment No. 6 – No Systematic Investor Tracking System

IPA's around the world use different types of software for electronic investor tracking. That is, from the time the potential firm is targeted right through to all stages of

contact with the firm the IPA has on file the information. Many of these systems are adapted sales tracking software which can be purchased for approximately US\$200 in the United States, others are tailor made systems. The majority of these systems are proactive in that they have built-in action prompts for the project officer in the IPA.

The IPC does not use these systems and is therefore at a significant disadvantage vis a vis its competitor IPA's.

Structural Impediment No. 7 – Lack of Standard Operating Procedures (SOP's) Manual

These SOP manuals are extremely useful for streamlining personal performance in many aspects of the promotional work. Again, as is the case in most of the other structural impediments identified the successful IPA's around the world have such a manual of procedures. One of the most productive uses of these manuals is for the induction and training of new staff.

These SOP's cultivate a culture of 'mission' among the staff of organizations, and allow the potential investor to see in all aspects of contact with the organization a standardized businesslike approach, which is a hallmark of international business organizations, which the investor will normally relate positively to.

Structural Impediment No. 8 – Lack of a Management by Objectives (MBO) System

Much has been written about the use of Management by Objectives (MBO) systems in international organizations. On balance these had had a major impact on job performance for three reasons:

- 'Key Tasks' and resulting 'Key Result Indicators' are agreed between managers and subordinates
- Performance measurement on these 'Key Result Indicators' are linked to salary increments
- By building the MBO system throughout the organization, the corporate objectives are directly linked to each division and individual

The use of some form of an MBO system is absent from the IPC.

Structural Impediment No. 9 – No Planned Human Resource Development System

Human Resource Development within the IPC is ad hoc and sporadic. The consultants believe that this is one of the central impediments to achieving best practices.

The existing staff require extensive training in order to bring their performance up to international best practices in investment promotion. The consultants have made extensive recommendations in this regard in Chapter 11.

Additionally, the consultants believe IPC is overstaffed, particularly in the area of administration and research.

Structural Impediment No. 10 – No Qualified Industrial Zone (QIZ) Promotional Strategy and Program

The QIZ offers a major opportunity to attract a significant amount of FDI. There are many sensitive issues surrounding the QIZ's , especially relating to Israel. However it is essential that a well financed and 'sensitive' promotional campaign is mounted to target those sectors and firms which can bring job opportunities to Jordan.

Structural Impediment No. 11 – Lack of Adequate Private Sector representation on the IPC Board of Directors,

International Best Practices for IPA's point to a large private sector representation of Boards of Directors, together with ex officio government representatives. Additionally, In many of the most successful agencies, there is a Private Sector Chairperson who tends to be a prominent local leader with extensive international business experience. For a further discussion on this issue the reader is referred to Appendix 2.

Structural Impediment No. 12 – Outdated Management Style retarding internal/external communications and team building

The consultants observed an authoritarian management style which is a retarding factor to all efficient communications and team building within the IPC. There are multiple communications restrictions on mid and junior level staff in relation to their (a) dealing with each other within the organisation and (b) dealing with outside agencies, firms and individuals in Jordan and abroad. For further discussion on this issue the reader is referred to Appendix 3.

Structural Impediment No. 13 – IPC needs to concentrate singularly on Promotion, and all Regulatory functions should revert to GOJ ministry.

The separation of promotional and regulatory functions in the area of investment promotion is critical for success.

Conclusion

The IPC is not close to international best practices in investment promotion. In all the areas detailed above significant technical assistance is required over a sustained period. In the judgement of the consultants, assuming the financial resources are available and the management is willing to undergo this transition, it will take 2 years to bring the IPC up to international best practices. Accordingly, an 18 Month Re Engineering plan for the IPC is detailed below.

Chapter 4: Re Engineering the IPC: Introducing New Systems

Introduction

The new management of the IPC has endorsed the FIAS report on the broad direction of the organization, and is an active participant in the development of this report on operating procedures and practices. Chapter 3 detailed the structural impediments to the IPC achieving international best practice in investment promotion and this chapter contains the detailed recommendations, which are required for system change, and or new introduction. Chapter 11 details the time schedule of introduction of these systems to the IPC.

System Summaries

The following is a list of the systems, which will be covered in the recommendations:

- **Investor Targeting System** – This will allow the IPC to have an ongoing system of analyzing the comparative and competitive strengths of their location vis a vis regional and international competition, and to target at firm level.
- **Management Information System** – Recommendations regarding the organization of information within the IPC are made in this chapter. Specifically, recommendations are made to construct three electronic (and paper) information collection, storage and retrieval systems.

- **Standard Operating Procedures (SOP's) System** – The structure of an exhaustive SOP Manual, together with Divisional and Job Descriptions are detailed.
- **Management by Objectives (MBO) System** – Many IPA's worldwide use this system effectively. A basic system design is introduced in this chapter.
- **Investor Maintenance System** – Reaching out to existing investors is critical. Evidence shows loss of investment occurs over long periods of time if a systematic approach is not taken here.
- **Investor Tracking System** – As the IPC promotional effort grows, the volume of clients will increase. A suitable electronic system to track all aspects of the IPC relationship with clients (current and prospective) needs to be installed as a matter of urgency.
- **Human Resource Development System** – Ad hoc training programs are detrimental to the development of an individual manager within the organization, and show little management involvement with, and interest in, the individual managers. A sustained and systematic program is required, fully targeted on the issues of work of the organization, and not covering the general management improvement systems, which now abound.

Chapter 5 Investor Targeting System

The recommended system for use by the IPC is detailed in the following sections and is summarized in Figure 5.1.

Introduction

The identification of immediate and near-term targets for investment promotion utilizes a comprehensive methodology based upon empirical analyses of successful investment promotion experiences of both ASEAN (Singapore, Thailand, Malaysia, Indonesia), and other countries (Ireland, Turkey, Dominican Republic, Costa Rica, Jamaica.) The experience of these countries over the past decade point to the critical importance of two sets of factors which have influenced the direction and level of investment inflows.

Comparative Advantage First is the fundamental role played by national comparative advantages. Firms will tend to place their production facility in a location whose relative comparative endowments most closely match their technical requirements in terms of factor inputs, infrastructure, physical facilities and the like -- therefore minimizing production and transactions cost per unit of output. This has been the primary motivation explaining the widespread relocation of labor-intensive industries and sub-assemblies who have relocated to low-labor cost countries in order to remain competitive in global markets.

Competitive Advantage The second factor explaining global investment patterns are competitive advantages. The fundamental structure of national economies and underlying trends of local and regional markets provide firms with competitive advantages in terms of market positioning, and motivates the investment location decisions of certain types of industries. For example, a firm evaluating the possibility of making an investment to serve a protected local market will tend to be motivated by such factors as the number of players in the market, growth of the industry/segment itself, and potential gaps between market demand and supply. Other investments are driven by economies of scale and will tend to be made in locations where the demographic and market trends are favorable enough to absorb large volumes of production, and where certain critical infrastructure is already in place. In these cases, competitive issues tend to outweigh purely cost cutting considerations in investment location decisions.

Market Orientation Another major factor which has significant explanatory value as a predictor of the direction and patterns of direct investments is the end-user market being served by the investment. The degree of export orientation of the investment greatly influences the relative importance of comparative versus competitive advantages as a determinant of direct investment types and patterns. Investors engaged in processes mostly for export (such as light assembly industries, food processing, etc.) tend to be driven primarily by cost and comparative advantage considerations. All things equal, export-oriented investors will locate their plants in locations which reduce their total cost

per unit of production. Enterprises looking to sell production to the domestic market tend to be motivated principally by competitive issues such as market growth, demographic trends, industry characteristics, and other localized advantages.

Methodology The fundamental issues of comparative and competitive advantages discussed above underlie the framework used to identify investment promotion targets. As summarized in the figure below, the investment promotion target identification process is organized into three basic screens (as represented by the hexagons in Figure 5.1

The long lists of potential opportunities identified are evaluated according to criteria contained in three "screens". The first screen (comparative advantage) matches the locational and technical requirements of the potential target activity with the local economic endowments. The second screen (competitive factors) evaluates each potential target area in terms of variables related to international trends and their impact on investment. The final screen (policy consistency) are a set of desirable economic policy objectives and guidelines: for example, the areas being promoted should (1) generate relatively high levels of employment; (2) feature a high degree of export-orientation; (3) further The host country's overall program of agriculture diversification, and finally (4) to the extent possible, substitute imports in activities where it appears most economically efficient. Activities that possessed the greatest number of strengths among all screens are chosen as high-potential investment promotion targets.

Promotion Strategy In addition to these formal screening criteria, several other factors play a role in the selection of promotion targets. First is the need to define the relevant time horizon for targeting purposes. Possible promotion targets will generally fall into two groups: (i) opportunities with a high potential of immediate success under existing conditions; and, (ii) opportunities which, while highly desirable, would require significant improvement in terms of infrastructure, facilities or other factors and would therefore be achievable only after some time. As such, promotion targets were grouped as "immediate" (within one-three), and "near-term" (within three-five years). For each immediate activity, a promotion strategy is provided. The presentation of the strategy used in the case of the host country is under each of the following headings:

Typical Products The types of products within each sector which make the most sense for the host country is defined.

Target Investors The characteristics of the investor groups are described in order to gain an understanding of who the promotional effort will be targeting and in which market.

Principal Selling Themes The promotional emphasis or principal advantages that the host country can highlight in the customized materials and approaches are detailed.

Promotion Approach The process of getting to the decision makers is provided.

Promotion Materials The combination of materials to be used is suggested, and finally;

Investment Goals The specific objectives for each sector in terms of (a) number of investments (b) average size of investment (c) employment (d) other characteristics is outlined.

Identification of Target Sectors

The application of the methodology's first screen (comparative-advantage) matches the locational and technical requirements of the potential target activity with the economic endowments of The host country.

The second screen (competitive factors) evaluates each potential target area in terms of variables related to the international trends and their impact on investment in the host country.

The final screen (policy consistency) is a set of desirable economic policy objectives and guidelines, which were defined by the host country. Activities that possess the greatest number of strengths among all three screens are chosen as high-potential investment promotion targets.

Chapter 6 Management Information System

Introduction Management Information Systems start with the availability of well-organized basic information within the organization regarding the sets of clients and issues central to the organization. Essentially for the IPC, this means to organize the paper and electronic filing systems to efficiently serve (a) the objectives of the organization and (b) the needs of management for information for purposes of its own decision making and external reporting requirements. As much as there are innumerable ways to organize information and filing systems, those that are based on flexibility, accessibility, and simplicity are the most productive. These systems are tools to make an organization more efficient and effective in achieving the real goals of securing investment and jobs. The following system is recommended to the IPC (both paper and electronic):

- **Product Files** – to catalogue all the data needed to present the product: Jordan
- **Marketing Files** – to detail all the current activities (non firm specific) ongoing within the IPC to market Jordan as a location of manufacturing industry
- **Project Files** – to detail all the current 'cases' of firms which are in the various stages of negotiation with the IPC regarding the establishment of an investment in Jordan.

Product Files The IPC has three main categories of information needs. The primary, and most fundamental is the need to catalogue all the data and information needed to present the product that the organization is marketing: Jordan. These data can be complex, even for very small political subdivisions. For example the data necessary to describe an industrial site:

- Dimensions
- Topography
- Shape,
- Location,
- Utilities,
- Subsurface conditions
- Environmental considerations
- Price
- Transportation
- Telecommunications
- Zoning
- Building codes,
- Permits

all must be known and cataloged for each tract of property to be considered as an industrial site.

- Networking with Other Organizations - Before arriving at a particular site for industry - the site being the final product - information must be available on communities, regions and of course on the country. The gamut of issues and information, which need to be kept current in order to describe the product of the investment promotion organization, can be overwhelming. It is imperative that the IPC work within a framework of partnership in order to fulfill its information needs. It must be a partner with other governmental organizations, which may, in the course of their duties, collect some or all of the information needed. For example, in most U.S. states, labor and labor force issues are dealt with statistically by the each state's Department of Labor, and by the U.S. Labor Department. These national and state governmental departments collect and maintain valuable data which the economic development organization can use without having to duplicate data collection.
- Networked Electronic Systems - Increasingly these various data sources are being linked by computer systems that allow not only the sharing of data, but the ability to customize the data needed, and to do so in a manner that is accurate in real time. Gone are the days when data received was flawed by the time it was collected, published and disseminated. More and more data is collected and available on-line in real time. It is expected that the IPC will come to be similarly networked, also sharing information in real time among other governmental organizations.
- Local Area Networks - The standard local area networks (LAN) with file servers and networked terminals which the IPC will soon come to utilize can implement all the necessary data storage and retrieval necessary to accomplish the task. Couple this with connections to the Internet, and the IPC will possess extremely powerful tools to respond to its own and its customers' needs.
- Access Issues - to the Product files should be open and unrestricted, as marketing as well as administrative support personnel will need to be able to access these files for reference and presentation preparation, however, the files need to be blocked so only designated research staff can change or update the content. If too many persons have the authority to

update or make changes to research files, the files can never be kept verifiable. The integrity and therefore the usefulness of the files will soon be lost. Access for all of the staff, but control for only those charged with the responsibility for them.

It is recommended that the Resident Advisor work with a MIS Task Force within the IPC to develop a tailor made Product File Field for the IPC. The following categories are recommended to form the major divisions of the Product File Field:

IPC Product File Field: 8 Suggested Main Categories

- National Economic Database
- Trade and FDI Incentive Policies
- Available Infrastructure and Services
- Local labor issues
- Network of potential backward linkages, i.e. suppliers
- Bank of potential local joint venture partners
- Administrative Procedures and Practices, categorized by approval agency
- Industrial Site Landbank

Marketing Files

If the product files can be considered the raw materials of the investment promotion organization, then the marketing materials produced from them are the “goods in process”. These materials are the message carriers to the marketplace. Their accuracy, appearance and focus provide the message and image that the organization wishes to portray for its product, whether the product is a community, a province, state or nation.

- Electronic Home Page - Increasingly one of the most important marketing files is an electronic Home Page that can be accessed by the Internet. While these are relatively new, and there are few really excellent ones in existence, they will become increasingly sophisticated, giving direct, real time access to many of the product files previously discussed. Promotion agencies are experiencing the debut of 24 hour, 365 days a year marketing, and there is an expectation from the customer or prospect that the ability to receive

data on any location in the world is only seconds away. All too many home pages appear to have been produced by technicians working in a vacuum without any input from those staff with responsibility and ability to develop marketing materials.

An issue relative to home pages is the absolute need to keep them current, and to assure that the data are correct. Many organizations have rushed to the Internet with no commitment beyond the mere production of the Home page. To produce this kind of file without an accompanying plan to continue to refine and update is counter productive and a virtual waste of money. As in the case of the research or product file, control is mandatory to prevent corruption of the information.

- Sector Analysis and Trends - Other marketing files include all those activities that are intended to ultimately produce a prospective customer. The basis for many of these kinds of files are "investor targeting studies". These are data bases which can be purchased from various sources that are generally categorized by industrial sector or by geography or both. Almost all economic development marketing plans have some target markets that they desire to penetrate through some coordinated marketing strategy.
- Upkeep of Database - Traditionally there are staff assigned to the activity of market research. It would be the responsibility of this staff to maintain all of the target databases, to coordinate files pertinent to the market segments, to develop in-depth knowledge of target companies and their executive staff, to research the Internet for company, product or industry news, and to maintain a heightened sense of awareness of events and issues related to the target markets and companies.

This activity involves the development and maintenance of an electronic data base that can be utilized to perform direct mail campaigns, marketing trips, invitation lists, etc. This database can be a totally integrated data base capable of segmentation by certain fields, or it could be a series of independent data bases segmented by industrial sectors. The integrated database is preferable due its ability to be easily queried for different fields without having to switch databases and do multiple queries.

- Individual Marketing Contacts - The same integrated marketing data base can be used to track, by company, and/or geography, those contacts made at trade shows, through direct calling, advertising inquiries, or other marketing activities. Over time a promotion organization will develop a powerful, historic record of marketing contacts with their target companies.

The following categories are recommended for the Marketing File Field:

IPC Marketing File Field: 8 Suggested Main Categories

- Target Sector Database: based on the investor targeting system
- Target Market Database: : based on the investor targeting system outputs
- Overseas Mission Database
- Individual Corporate Presentation database
- Activities of local consultants
- Embassy Activities
- Domestic Activities
- Donor Agencies
- Performance Benchmarking

Project files

These files should be organized on a sector basis, and within the sector classification, a market (country) classification. Please note the following:

- File Initiation - What should happen when a marketing file becomes an active project which may result in a facility location or expansion project? First, a notation should be made in the marketing file for that company that a project file has been started, and a cross reference to that file should be noted. No project information should be kept in the marketing files because of the need to maintain the confidentiality which will be demanded by the company or customer.

- *Files Format* - The format for this set of electronic (and paper) files should be similar to the marketing files in that they have a simple set of basic information on the company and project requirements, followed by a chronological list of events or inputs into the project from its inception to final location or disposition. This system provides management a powerful tool to be used to follow the work of the project officers, to assess their progress on projects, and to stay informed on a large number of projects at one time.
- *File Maintenance* - The project file is also a history of the actions related to a project that can be used to brief other staff or management should they become involved in the project or should it be necessary to reassign the project to another project manager. The importance of keeping these files current cannot be overemphasized. It will take discipline on the part of the project managers and management, but the results will be rewarding.

The following categories are recommended to form the major divisions of the Project File Field:

IPC Project File Field: 9 Suggested Main Categories

Initial Sector Classification, and within this the following regions:

- North America
- Northern Europe
- Southern Europe
- South Asia
- South East Asia
- Japan
- Middle East
- Local and Joint Venture partners

Recommending the 'Case Officer' Approach

Within the framework of the suggested MIS system, we recommend the 'case officer' approach to project management. Please note the following:

- Create 5 'Case Officers' - The Project Officer (Case Officer) approach is the acknowledged best system of project and prospect management as it is designed to ensure the development of the personal relationship between individuals which is the key to good customer service. It is strongly recommended that the IPC adopt this approach by selecting 5 of its most qualified staff for these positions. The Project Officers would be supervised by the Director of Business Development.
- Role of Director of Business Development - These Project Officers would ideally possess a variety of language and technical skills, and they would be grouped together to form a team of expertise in evaluating the needs of an investment project. The Project Officer will create a file in the appropriate electronic database for the investment project, and will keep a hard file as necessary. The Director of Business Development will have access to all project files, as will the Direction and the other Project Officers. Questions concerning confidentiality will be addressed and handled by the Director of Business Development.
- One IPC officer per Investor - Essential from the foregoing is the concept of having one person responsible for each project from inception to conclusion. The Business Director assigns projects to the Project Officers and meets with them on a regular basis in order to determine the status of the various investment projects. The Business Director, in her discretion, and because of the particular needs of a project, assigns a project according to the talents of a particular individual or group best suited to handle the task.
- Project Officer Activities - The Project Officers play a critical role in the success of the IPC because they have the day to day responsibility for the investment projects. The PO is charged with providing a quality of assistance to the investor that will make the IPC indispensable to all who would invest in Jordan. Ideally the Project Officers will meet the investor at the airport and will transport him to his hotel. He will have already prepared an itinerary for the investor, a copy of which he will give to the prospect - if he has not already faxed or emailed it to him - upon his arrival.

The Project Officer will meet the investor on the morning following his arrival, and will first bring the prospect to the IPC where he will receive a thorough briefing on the

advantages of investing in Jordan, and of the services performed by the IPC, ideally a presentation already prepared in advance and tailored to the particular project. Subsequently the investor will be taken to the proper regulatory agencies, banks and whatever other public or private contacts the prospect needs to see in order to make his decision. He will be counseled on industrial sites, energy and utility availability and costs, transportation costs, taxes, etc. The Project Officer would accompany him throughout this process.

When the investor returns to his home country, the Project Officer stays in contact with the investor, and continues to provide information essential to the project in question, and to also use general information as part of the ongoing sales effort to attract investment to Jordan. The Project Officer will follow each of his projects to a conclusion unless directed otherwise by the Business Director. The Project Officer will be responsible for following all aspects of the project, and will develop a network of information sources and assistance which will help him accomplish his tasks. Project Officers and the Business Director meet frequently to share information and discuss the needs of the various projects.

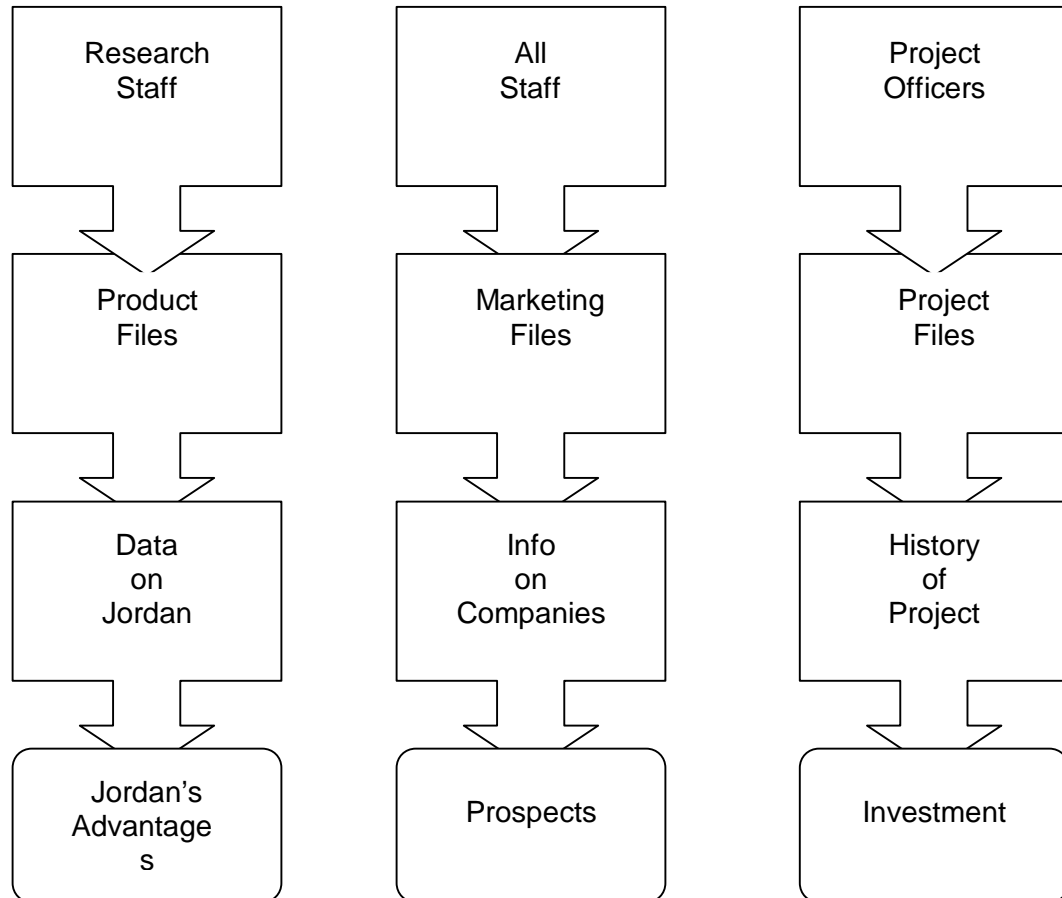
The role of the Project Officer is in keeping with the concept of rendering personal and high quality service to the investor. The investor will know that he can contact the Project Officer at any time that he will have need of information or assistance. The investor will be able to contact the IPC, and will know to address his inquiry to an individual person who can help him.

Paper Files In today's fierce competitive environment for foreign investment, and given the state of technology and telecommunications, there can be no argument that electronic databases and file systems are standard operating modes. However there will always be the need to maintain certain pieces of information in paper files. The maintenance of these files should follow the same format and disciplines as are the electronic files discussed previously. They also should be cross-referenced in the electronic files, where practical. The establishment of the electronic databases should serve to reduce the volume of paper files, as well as the labor required maintaining them. This efficiency should free administrative and professional staff to better focus their efforts on the primary task of customer satisfaction and facility location, lessening the temptation in any organization to focus on procedures and policies.

File Structure
structure:

The figure below depicts graphically the recommended IPC file

INPUTS AND OUTPUTS



Chapter 7 Standard Operating Procedures (SOP's)

Introduction Standard Operating Procedures (SOP's) are extremely useful tools to create a consistent organization response to clients and issues. Many of the successful IPA's worldwide use these in some format. It is recommended that the IPC adopt such a system as soon as possible, as an element of it's drive for modernization and efficiency. The most widely used method for implementing a set of SOP's is to produce a Manual, which is then made available to all staff. Additionally, these manual will prove to be an excellent t tool when new staff are being trained.

It is further recommended that a new format of job description be developed to suit the needs of the revised organization structure. These job descriptions would also form part of the SOP Manual. In the following sections we detail a format of job description which should be introduced. The Resident Advisor to the IPC under the AMIR project will work with the IPC to develop these management tools, i.e. the SOP Manual and the job descriptions.

SOP Manual

It is recommended that the IPC produce a Promotional Policies and Procedures Manual for reference by the management and staff. The Manual could be done in house in consultation with the expertise available at the present time, or it could be contracted to a consulting firm. It is understood that there are already in place institutional policies and procedures which conform to standard government practice regarding overtime, sick leave, etc. The recommended manual would deal with those aspects of procedure that directly impact the customer, and would emphasize to the staff that all are in contact with the investor in one fashion or another, and that their comportment reflects on the organization.

The structure of the manual could follow traditional practice with entries as follows:

Purpose (Policy) - the reasons for the procedure or practice
Procedure - how to do it
Contingencies - what to do if

Topics recommended to be covered in the Manual:

Reception of prospects and visitors
Registration of prospects and visitors
Telephone etiquette
Relations with prospects and other visitors
Interoffice and outside communication
Dress code and comportment
Signs and notice boards in the organization
Management of the files
Management of confidential information

Experience over the last 10 years working to improve the efficiency of IPA's worldwide has shown that the introduction of SOP's incorporating accurate job descriptions have improved the operational efficiency of most of the subject organizations. Specifically, the organizations become more focused on the client and become more customer service oriented.

The level of detail of the SOP Manual should be exhaustive, and an example is detailed below dealing with the issues of telephone etiquette.

Telephone Etiquette Example

The way in which incoming calls are handled in an international organization is a telling reference of the level of customer service offered both by the organization and the country as a whole. The following issues would be covered in the SOP Manual under this heading:

How to answer the phone
How to put a customer on hold
How to transfer a call
How to take a message
Ending the call

In regard to the problem of putting investors on hold when they are calling from outside the country, there are five specific actions which need to be practiced and perfected and the SOP Manual will give examples under each heading:

- Ask investor if it is OK to put them on hold, before you do so
- Wait for a response
- Tell investor why they are being put on hold
- Give a time frame
- Thank the investor for holding

Job Descriptions: Introduction

We recommend that a new revised set of detailed job descriptions be compiled and included into the SOP Manual. Additionally, a Divisional Description should also be included. We detail below a worked example of each linked to the new organization structure. Once IPC management has agreed the general design, the Resident Advisor will complete all the job and divisional descriptions in the IPC.

Investment Generation and Image Building Division: Division Description for inclusion in SOP Manual

This Division will be responsible for execution of promotional activities (e.g. promotion campaigns overseas, seminars, advertising campaigns, direct mailings) and will conduct local and overseas meetings with prospective investors. The division will also execute local and international public relations programs targeted to local and international press, academia, business groups, etc. In summary, the principal responsibility of the Division is to plan and execute strategies to promote local and foreign investment, including such activities as:

1. Co-ordinate the activities of the central and auxiliary promotional staff, including: GOJ's (future) overseas promotion offices; commercial attaches.
2. Conduct marketing campaigns, in accordance with overall promotional strategy
3. Market or promote project concepts to local and foreign investors. Based upon the market analyses conducted by research personnel, develop project profiles for high-potential investment opportunities, to be presented in one-on-one sessions with investors.
4. Engage in firm-specific research and "sales" presentation. Identify the major players in high potential sectors; gather background information on each company, and prepare targeted marketing approaches.
5. Follow-up and assist investors in the implementation and operation of their enterprises. Provide the full range of support required after commitment by the investor and receipt of project approval, including contacting local service providers; GOJ liaison; assistance in import/export procedures; etc.
6. Maintain Investor Tracking system. For each lead generated by or routed through the IPC, complete standardized information form in computer format, which

is to be updated and kept current until the investment transpires or the lead is terminated.

7. Keep a data bank of potential investors/joint-venture partners, as information is made available to the IPC on the local and foreign firms and individuals with interest in investment partnerships.
8. Advise on the availability, choice and suitability of potential joint venture partners. Obtain and review key data on each entrepreneur regarding size of enterprise, sector/industry, market orientation, partnership capabilities and requirements, etc.
9. Assist prospective investors in determining and executing appropriate investigations and analyses in support of project feasibility studies, market surveys, etc., in order to substantiate their project ideas.
10. Collaborate with relevant institutions engaged in the development of small and medium enterprises. Maintain current files regarding the capabilities and needs of SMEs with an interest in development partnerships and co-sponsor seminars on structuring and implementing local/foreign joint ventures.
11. Disseminate information on the sources of investment capital or finance, in particular, the requirements, terms and conditions, of various lenders and the relative merits and drawbacks of key mechanisms identified.
12. Handle investment related complaints. Including those received by the GOJ in terms of procedural requirements, immigration/entry of personnel and merchandise, treatment of funds, etc.
13. Co-ordinate relationships with outside groups and affiliations: government institutions and officials involved in key policy making and administrative functions affecting investment activity; and investor community, including both established and potential entrepreneurs and businesses.
14. Orchestrate interaction with the general public in terms of the defining the general "image" of the IPC, participation in fundraising and charitable activities, sponsorship of events for a public audience, etc.
15. Co-ordinate relationships with the print and electronic media in the form of press releases, contacts with local

and foreign press, identification and communication with trade for and journals.

16. Promote corporate image through advertisement and other publicity programs aimed at both general and selected audiences, in accordance with strategic planning efforts and in line with budgetary allocations.
17. Conduct general and industry- or sector-specific investment missions, working with local business associations and trade groups to identify target audiences, competitive position, and optimal approach.
18. Prepare promotional and investor information materials for dissemination, including brochures, investors manuals and guides and other informational documents summarizing the economic and policy factors of interest to investors.
19. Distribute materials available to end-users, as targeted in promotional strategy, e.g., Jordan's embassies abroad, local private sector organizations –Industry associations, Chambers of Commerce, Banks, Media Houses etc., -- and directly to prospective investors.
20. Organize general and industry- or sector-specific investment promotion conferences, seminars and workshops, both local and overseas, encompassing such elements as planning agenda, contacting speakers, logistical arrangements, publicity, event coordination, and follow-up actions.
21. Organize and coordinate Jordan's participation in investment promotion exhibitions, conferences, seminars, and workshops, identifying optimal events for local participation, providing assistance to attendees in the preparation of booths, oral and printed presentations, travel arrangements, and coordinating on-site at the events.
22. Conduct promotional campaigns such as direct mail and advertisements, as determined to be necessary by sectoral and industry targeting, and working through established business groups and contacts to ensure effective use of resources.
23. Conduct opinion research and advise management on the implications of the findings of polling, surveys, and other sampling techniques, on strategic planning efforts of the Centre and allocation of time and budget.

24. Handle protocol duties including scheduling and coordinating the IPC attendance at GOJ functions, representation before foreign embassies, reciprocal treatment/diplomatic courtesies extended to foreign trade personnel resident in Jordan, etc.

Manager of Investment Generation and Image Building Division: Job Description

General Description

The Manager, Investment Generation and Image Building Division will be responsible for planning, organizing, and directly supervising execution of all IPC marketing and investor service activities. He/she will be responsible for designing, scheduling, and directing a broad range of promotional and investor service activities including follow-up of investor leads and inquiries, reception of inward investment delegations and missions, organization of outward investment missions, and other proactive promotional activities.

Principal Duties and Responsibilities

1. Provide leadership, direction, and supervision for all assigned activities and personnel of the Division.
2. Design and execute detailed promotion strategy and program of promotion activity.
3. Design and execute detailed public relations campaigns abroad for attracting foreign direct investment to Jordan
4. Develop marketing messages and themes, based on agreed-upon target sectors and nationality groups of investors.
5. Determine content and "look" of IPC promotional materials.
6. Plan, schedule, and direct execution of local and international investment promotion seminars, missions, and workshops.
7. Plan, schedule, and direct execution of other pro-active marketing activities including direct mail campaigns, trade show participation, and telemarketing.
8. Plan and supervise systematic follow-up of investor leads and inquiries resulting from IPC marketing and promotion programs.

9. Coordinate, and maintain high-level contact with potential investors; national and regional private sector associations; GOJ agencies; and local and international financial institutions.
10. Assist in introducing investors to appropriate GOJ officials, private sector executives, and association representatives.
11. Maintain relationships with Jordan's overseas embassies and consulates to ensure proper handling and follow-up of investor inquiries.

Qualifications The Manager should hold an advanced university degree, (Masters or equivalent) and at least 5 years of experience, at least 2 of which should have been in a management or supervisory position. This position requires excellent marketing/promotional skills as well as direct experience in dealing with private companies, preferably at the international level. The position requires maturity, strong interpersonal skills, and the ability to gain acceptance from senior level business executives and government officials. Proficiency in English is essential.

Chapter 8 Management by Objectives (MBO) System

Introduction Peter Drucker, the well known American business economist is credited with being the first to publicize MBO as an approach for increasing organizational effectiveness. Drucker felt that every manager, from the highest to the lowest levels of the organization, should have clear objectives that support those of managers on the level above them.

This MBO system, or indeed any similar system, is not present in the IPC. However in recent years such systems are used extensively by IPA's worldwide and recently the newly opened IPA of the Republic of South Africa, Investment South Africa, installed such a management system. It is strongly recommended by the consultants that an MBO system be introduced into the IPC in Jordan within the next six months, so as it may compliment and organize for executives the many changes being introduced into the organization. The quantitative goals that normally exist within organizations such as IPA's lend themselves extremely well to MBO systems.

The MBO Process ***MBO is a process of four interdependent steps:***

1. Formulation of clear and concise statements of objectives – After long and medium term organization objectives are set by top management for the organization and their own work, they are formulated for persons on lower levels in descending order on the chain of command.
2. The development of realistic plans for their attainment -
This process determines who, what, where, when and how much is needed to achieve a given objective. It is a practical way of providing a connecting link between the statement of an objective and a program for implementation. Each manager completes a "Management Guide" which is illustrated in Figure 8 .1. This allows both the manager and his superior to see clearly the objectives and expected results. Each manager in the organization completes a Management Guide, and the sum total of all the objectives in all the Management Guides is equal to the corporate objectives, as expressed in the Management Guide of the Director, in this case of the IPC.
3. Systematic monitoring and measurement of performance - This is facilitated on an annual or six monthly basis by a review of each Management Guide by the 'owner' and his or her superior.
4. Taking corrective action to set a Management Guide back on track – This activity is implemented after an annual or mid yearly review.

Linkage to Increments In a number of IPA's the MBO system is used as a management tool and also as a way to attempt a realistic quantification into the linkage between job performance and salary increases. In some cases, for example, in civil service environments, there is very little scope for these activities. However what scope exists should be defined and then linked to the internal MBO system. Indeed, other rewards mechanisms tends to be available in civil service or quasi governments organizations, such as overseas travel, attendance at certain functions, etc. These rewards can also be linked (formally or informally) to the MBO system.

Installation *The TSG consultants working on the AMIR project with the IPC, Mr. Doyle, Mr. Morris and Mr. Desai will introduce this system into the IPC during 1998. Obviously the full cooperation of IPC management is necessary for this initiative to succeed, however this is a system urgently needed.*

Chapter 9 Investor Maintenance System

Introduction One of the hallmarks of a successful investment promotion program is the attention paid to existing investors by the IPA. Best practices in investment promotion indicate strongly that this is a critical element of the systems required.

The State of Massachusetts in the United States lost much foreign direct investment to competitor states such as South Carolina in the 1960's. As part of the investigation into the poor performance of the state it was found that there was little or no effort by the industrial development authorities to reach out to the existing investors on a continuous basis. During the next administration in the state by Governor Weld, this was rectified and a new program of investor maintenance was launched, and in addition current investors happy with Massachusetts were included in a new 'Ambassadors Program' which promoted the state as a manufacturing location. This program turned a negative element of the Massachusetts effort into a major success.

Elements of an Investor Maintenance System

In the IPC contacts with existing industry are being handled on an ad hoc basis through the matchmaking efforts of the IPC. This is a good effort, but it can be strengthened by the creation of an Existing Industry Department. The consultants regard this as a priority, and as the first element of designing a new Investor Maintenance Program. The following points are illustrative:

- **Monitoring Progress of Existing Investors** - A policy which concentrates some of the economic development agency's efforts on existing industry is beneficial in a number of ways. Firstly, it helps the promotion agency to recognize both the strengths as well as the deficiencies of its product. Often promotion agencies get so convinced by their own sales material that they have the best location in the world that they fail to recognize when problems arise that require attention. Regular contact with existing business gives the promotion agency a realistic view of those areas that are its strengths, but more importantly, help it to assess those weaknesses that need to be corrected. This is a dynamic process that requires constant attention because situations change, and the product that is competitive today may be much less so tomorrow.
- **The Role of Education** - Today, with increasing technology in the workplace, the need is for better educated workers - those who can read well, solve mathematical problems, and have a higher formal education. For the existing industry in this region, the question of level of education is the number one

economic development issue. Education has also become the number one issue for economic development agencies and state governments in the United States and around the world as more resources, programs and partnerships are at work in this area than at any time in history.

- **Expansion Investment** - In today's world of increasingly competitive incentive programs and rising infrastructure costs, the least expensive job creation program is that which functions through existing industry expansion. Assisting companies to expand should be a major goal of any aggressive investment promotion program. Maintaining an environment that is conducive to business and industry expansion should be a goal of governmental policy makers at all levels.
- **Communication with Existing Industry** - Communication is the key to any existing industry program. This communication can be established in a number of different ways. Chambers of commerce serve as the voice of business, so meeting regularly with chambers at the national and local level will produce positive communication links, but it is also necessary to initiate direct visitation efforts. Obviously, dedicated staff and resources are necessary to accomplish an effective program, but also effective partnerships with other economic development organizations (as discussed earlier) should be implemented.

Despite the best marketing and sales efforts in the world, recruitment of new industry depends on satisfied, healthy and expanding existing industry. Any time an industry is interested in locating within an area, they will interview local companies to determine the true business climate. The economic development promotion agency should always be concerned for how satisfied their customers are, for they have a tremendous impact on future success.

Proposed Work-plan

It is recommended that the IPC establish an Existing Industry Section which will consist of the necessary staff to accomplish the following plan of work:
Staffing requirements should be met by establishing a full-time Existing Industry Division under a Director of the Existing Industry Division. The number of staff attached to this division should be determined by the following guidelines:

- Each international and domestic investor or joint venture should be personally contacted and visited by a staff member on at least an annual basis.
- The expectation should be that a staff member will be able to make at least five visits /week or approximately 250/year.
- The total inventory of companies to be contacted will give an indication of staffing required.

The following is a draft activity schedule for the system

1. Conduct an annual survey of domestic and foreign investment in Jordan. This is a survey done by post which is used to develop the basic information on the business or industry, including products or services. This information is catalogued in an Industrial Directory. This directory is used as the basis for the program of visits to these industries by the Existing Industry Specialists. It serves also as a promotional tool for other investment as well as a Directory of products and services.
2. Conduct an annual visit to each investor. During this visit, any needed follow-up or clarification on the mailed survey can be done. Three other important purposes should be accomplished:
3. Determine any expected changes in facility or employees and any assistance needed from the IPC to deal with those changes.
4. Designate any suppliers or support needs that may lead to further investment opportunities.
5. Identify any impediments to profitable operation of the facility and plan to address those with the proper authorities. For instance, determine any technical assistance required and bring the potential delivery agency or organization together with the foreign investor.

Chapter 10

Investor Tracking System

Introduction The FIAS report of November 1997, already cited, recommends that the IPC consider the introduction of an Investor Tracking System. The consultants have examined this recommendation and concur. As the IPC promotional effort grows, the volume of clients will increase. A suitable electronic system to track all aspects of the IPC relationship with clients (current and prospective) needs to be installed as a matter of urgency.

The investor tracking system may be initially paper based, and computerized at a later stage, once all appropriate staff members are literate with the software and operating systems necessary, and once the hardware is installed and functional. Potential investors would be entered into such a system at the time of first contact. All contact details together with information on industry sector, country, location in Jordan, dollar value of investment will be entered. Importantly, the action required from IPC staff as a result of this contact will be entered. Such a system will allow the IPC to track its contact with potential investors from initial contact, to site visit to investment realization.

Various systems are available, and the consultants recommend that a search be initiated by an IPC Task Force (joined by the Resident AMIR Advisor) to find the system best suited to the needs of the IPC.

The experience of three IPA's: WESGRO, MIPA and CPI

The leading international IPA's such as IDA Ireland, EBD Singapore and MEDIA in Mauritius all use propriety systems which they have developed themselves over time. This also applies to many other IPA's, particularly the state development agencies in the United States (which tend to combine the export and investment promotion functions). In the emerging countries the Multilateral Investment Guarantee Agency (MIGA) of the World Bank has developed a system for use by client countries of the World Bank and other who wish to purchase it.

The differing experience of three IPA's with these systems is interesting to note:

- **WESGRO:** This is the economic development agency for the Western Cape Province of South Africa, and is the most sophisticated IPA on the African continent in terms of operating systems. Before deciding on a system to suit its needs WESGRO examined all options available, but in the end decided to adopt a simple 'off the shelf' piece of sales lead tracking software. This cost approximately US\$300 and was adopted by in house computer specialists for little additional cost. The system is in use today successfully. WESGRO has the largest inward visit program for potential investors of any African IPA.
- **MIPA:** This is the Malawi Investment Promotion Agency based in Lilongwe, Malawi, MIPA is often held out as an example of a successful small agency, with good internal systems. MIPA uses the MIGA system, which they report is extremely reliable and easy to use.
- **CPI:** This is the Centro de Promacao de Investimentos, the IPA of Mozambique. Mozambique is one of the fastest growing destinations for FDI, and recently after they examined the systems available in the market place, they decided to develop a tailor made system for their own purposes. This was designed by a private information technology consultancy firm from Sri Lanka, which had also designed the system for the very large (1200 staff) Board of Investment of Sri Lanka.

The MIGA Investor Tracking System

As an example of these systems we detail below the main elements of the MIGA system⁴:

⁴ New Initiatives in Investment Promotion from MIGA. This is a piece of promotional literature on the MIGA system

Task Performance

- Facilitates step by step tracking of all promotional activities on a transaction basis, from first contact through actual investment.
- Provides a complete history to date of all IPA interactions with an investor
- Furnishes a comprehensive knowledge base to improve planning, marketing and management control functions of IPA's.
- Includes a detailed management reporting system

Principal Modules

- Lead tracking
- Account management
- Work management
- Investor servicing
- Permits and authorization tracking
- Management reporting

Technology Features

- Extremely easy to use
- Utilizes icons and pull down menus to minimize the need for typing
- Flexible and highly customizable to meet specific IPA needs
- Uses the Windows standard graphic user interface
- Comprehensive built in security features

Computer Literacy Training *An audit of IPC staff computer skills should be carried out as soon as possible. This will allow appropriate training programs to be completed by those staff who will be required to use the system, which will most likely be Windows based and require competency in a word processing program such as Word or Word Perfect, and a spreadsheet program such as Excell or Lotus.*

Chapter 11 Human Resource Development System

Introduction

A continuous system of human resource development, which is (a) systematic and (b) tailored directly to the individual needs of each staff member is urgently required in the IPC. Additionally, the appointment of a Training Manager should be considered. This manager would be trained by the AMIR Resident Advisor in the functions of investment promotion and corporate location. The AMIR project will be undertaking a number of introductory training seminars for IPC staff in various elements of investment promotion, but the resources dedicated cannot meet the total ongoing requirements of the IPC, and were not intended to do so.

Requirements for a comprehensive system

However a fully comprehensive three years system of Human Resource Development is required which:

- Holds an inventory of staff development activities undertaken by each staff member
- Recommends to IPC Management a program for each staff member over a 12 month period
- Develops a funding system to ensure these programs are fulfilled. This will usually mean developing relationships with all those institutions, which can potentially, fund such activities.
- Monitor the output from the programs and the change (if any) in job performance of the individual concerned
- Undertake activities that are (a) in house (b) short term outside programs (c) long term outside programs (d) secondments and other non-programmatic approaches.

Immediate Action in 1998. The Resident AMIR advisor will draw up in conjunction with IPC management a comprehensive plan over a number of years to implement this system.

Recommended In House Program of Investment Promotion

To supplement the investment promotion training Milestones of the AMIR project, the following program (or similar) is recommended as a basic primer for all staff to commence the system. The consultants will recommend either that provisional sums

from the AMIR contract be used to implement this IPC wide program or that the expected United Nations Development Program (UNDP) support project to the IPC incorporate a program such as this.

- Course One and Two: How to Handle the Investor - This session focuses upon the practicalities of dealing with a corporate investor at the inquiry stage, following up referrals and receiving visits from the investor to successfully attracting a project. The most effective and successful methods of managing a project through to completion are explained in detail.
- Course Three: The Selling Process - The effectiveness of different methods in different markets and how to make the contact with the potential investor and ensure cost effective exposure
 1. coordinating the selling process
 2. contents and effectiveness of promotional literature
 3. use of computer driven, personalized presentations
 4. encouraging visits to location
 5. developing the marketing mix
- Course Four: Global Corporate Investment - Current and Future Trends
 1. Sources of inward investment: intra and inter country
 2. What are the main geographical sources of inward investment for the country?
 3. What type of investment has the country been attracting
 4. Are there any new players emerging in the global investment market?
 5. The changing policy at a global and national level
 6. Types of inward investment: greenfield, subsidiaries, joint ventures
 7. What are the main sources of nationally based inward investment?
- Course Five: Targeting
 1. How to identify target markets
 2. Why you should not try to attract all types of investment and the reasons for a focused campaign
 3. initial contact with the target companies
 4. effectiveness of geographical targeting
 5. how to identify industry sectors which are compatible with the country's resources

- Course Six: How Different Organizations and Companies Fit into the Country's National Investment Promotion Effort?
 1. The role of local companies
 2. The role of chambers of commerce, trade councils etc
 3. The role of regional and sub-regional organizations
 4. How the network should work within the national structure
 5. An overview of the national effort to attract inward investment
 6. The role and activities of the national investment promotion organization
 7. How to manage the network
- Course Seven: How to Prepare a Marketing Strategy?
 1. establishing market priorities
 2. shaping the policy structure and making adjustments
 3. basic considerations; politics, resources, location, objectives and time-scale
 4. identifying strengths, weaknesses, opportunities and threats
 5. developing market intelligence
 6. marketing methods
 7. raising capacity and competitiveness of the agency
 8. assessing the region's strengths and weaknesses
 9. the need to review current practice
 10. domestic structure and overseas networks – options
- Course Eight: Devising the Strategy: Role Playing
Delegates are divided into groups and given preparation time to formulate a marketing strategy for the region/city or country. They will then have to present this strategy to the trainers.
- Course Nine: Resourcing the Investment Promotion Effort
 1. What is the cost of attracting investment?
 2. What is required in terms of personnel?
- Course Ten: How to Deal with the Client?
 1. how to screen potential investors and assess their value and contribution to your economy and community
 2. the need to develop a flexible response catering to the client's needs
 3. adapting your service to clients from different cultural backgrounds

4. how your approach should be tailored to: R&D, assembly, joint venture, small firms v large firms
 5. language problems
- Course Eleven: What Type of Investment Does the Country Currently Attract?
 1. Which areas are benefiting from inward investment and how are they benefiting?
 2. What kind
 3. Type of investment: New facilities, Joint Ventures
 4. Scale of investment to date
 5. How can the country benefit from future investment of investment is the country going to attract in the future?
 6. Industry type
 - Course Twelve: Sales Techniques Various techniques discussed and evaluated?
 1. Telemarketing
 2. Advertising
 3. exhibitions, seminars/Conferences
 4. using multipliers and partners
 5. direct mail
 - Course Thirteen: Can the Country Compete?
 1. Which types of investment should the country target?
 2. Does the country have a competitive advantage?
 3. How attractive is the country to investors?
 4. Does the country have competitors?
 - Course Fourteen: How to Develop the Product?
 1. key component suppliers
 2. financial incentives, duty free zones
 3. training and education
 4. technology and support
 5. build in extra benefits
 6. better infrastructure, business premises,
 - Course Fifteen: Effective Information Systems
 1. managing property databases
 2. examples of the most advanced and effective systems in leading agencies
 3. finding a system to facilitate the inquiry process
 4. latest technology and the costs of implementing a programme
 5. creating a system that meets your requirements
 - Course Sixteen: How to Negotiate with the Investors?

1. the follow-up process
 2. creating an effective package of benefits
 3. How to contact the investor - standard letter, introduction etc
 4. responding to leads and inquiries
 5. How to meet the investor
 6. negotiating techniques, positions and skills
- Course Seventeen: Skills for Management
 1. Structure of the agency
 2. Delegation of activities
 3. Training requirements
 4. How to motivate the team
 5. How to manage the agency
 6. How to reduce job turnover
 - Course Eighteen: Development Agency Models
 1. Examples of competitive national agencies
 2. What are the objectives of the national investment promotion agency in the country?
 3. What options are available to the national agency: autonomy or co-operative; proactive or reactive?

Optional discussion of sub-regional agencies if applicable:

 1. Attitude to sub-regional agencies
 2. Regional and Local Agencies - development options
 3. Competitive examples
 4. Regional role in national strategy
 - Course Nineteen: How to Finalize the Strategy?
 1. Cost effective
 2. Compatible with financial resources
 3. Prioritize markets, depth not width
 4. Accepted by the policy makers
 5. Compatible with skills available
 - Course Twenty: Comparative Marketing Strategies: The Country and its Competitors

An overview of:

1. competitor strategies and resources
2. which companies should choose the country as an investment location?
3. focusing on and benefiting from the country's competitive advantage
4. what competition will you be facing in the future
5. comparative strengths and weaknesses
6. devising a marketing strategy for the country

7. what differentiates one investment promotion organization from another?
8. what does it take to succeed?

- Course Twenty-one: Case Study ~ Location Decisions of Companies

Presentation and discussion of companies' site selection. Using actual investment location case studies the course will cover the process and routes that companies use to make location investment decisions. Topics covered will include:

1. what criteria are used to evaluate sites
2. what impresses them and what puts them off
3. who makes the final decisions
4. the relative importance of these criteria in different industries
5. general corporate strategies in relation to site choice
6. how companies go about their search
7. what are the decisive influences

- Course Twenty-two: Role Playing - Sales Techniques

Participants will divide into groups. Each group will be given a brief. After sufficient preparation time, the groups will have to "sell" their location to the investor. The aim of this module will be to refresh sales techniques, and examine best and worst practice of sales techniques.

Chapter 12 Re Engineering the IPC: Time Schedule

Introduction From the experience of the consultants it will take a period of 18 months to input all the above systems into the IPC, and importantly for the IPC to absorb them. Additionally, we must not interrupt the ongoing work of the organization as we do this, but we must gradually increase their capacity across all these systems. Finally, the issue of donor coordination is important, given that the UNDP is expected to launch a new project in the coming months.

Sequencing of System Introduction

The key to the successful introduction of these systems to the IPC is the sequencing. The following schedule is recommended to IPC management. The Resident AMIR Advisor will discuss this draft schedule with IPC management and we will incorporate the final agreed schedule in the final report.

The consultants recommend the following sequence:

- **First Wave:**

1. Human Resource Development System

This should proceed immediately as it will be necessary to use the entire 18 month period to complete the tasks in this system.

- **Second Wave:**

2. Management Information System
3. Standard Operating Procedures System

These systems represent the 'bedrock' of the operations of the future IPC. They (including all the divisional and job descriptions) should be completed during the first two quarters of the proposed 18 Month Re Engineering Period. The Resident AMIR Advisor (working together with Hugh Doyle) will undertake these tasks and introduce the systems. There will then be a resultant need for expenditures on hardware, software and other physical items. These must come from other sources outside the AMIR project, UNDP, other USAID sources, other donor or lending agencies, or the GOJ.

- **Third Wave:**

4. Investor Tracking System
5. Management by Objectives System

Once the architecture of the three way filing system (product: market: project) is in place we can immediately proceed to install the Investor Tracking System. This will initially be paper based, and then computerized. The intervening period will be used to bring all necessary staff up to computer literacy standard.

During this time frame we can also proceed to draw up 'Management Guides' for all staff members, and start the MBO system.

- **Fourth Wave:**

6. Investor Targeting System
7. Investor Maintenance System

Milestone 9, which includes an investor targeting system exercise for IPC will be complete by this time, and together with the installation of the investor tracking system will provide the basis for the IPC to begin a systematic program of targeting potential investors at firm level.

Additionally, we recommend that the IPC prepare to implement the Investor Maintenance System in Jordan at this time. Such devices as were used successfully in the Massachusetts will be included in the program. Finally, depending on the volume of the FDI inflow at this stage, we also recommend that a "trial" backward linkage system be introduced.

Chapter 13 Establishing Performance Benchmarks

Stages of Target Firm Promotional Program

To successfully attract FDI to your location (in addition to having an economically attractive location, and a set of internationally competitive incentive policies in place) there must be a sustained promotional effort to pre identified target firms. Most of the successful IPA's worldwide expend most of their resources on this daily round of presentations to firms whom they believe from research, are in the early stages of the decision making process regarding an offshore location. There are identified by observers of the process a number of discrete stages in the work of this IPA promotional effort:

- *Stage 1:* Firm identified and FDI profile established
- *Stage 2:* Target senior executives identified and information regarding their style of operation determined
- *Stage 3:* Initial telephone or mail or personal contact made with firm
- *Stage 4:* First (usually generic and introductory) presentation made to target executives
- *Stage 5:* Second presentation made (detailed analysis of a potential site, etc.). This could be many months later.
- *Stage 6:* First Site Visit to your location by functional level executives to carry out in house corporate audit. At this stage the firm may employ corporate location consultants.
- *Stage 7:* Second and Final 'Go/No Go' Site Visit. Usually undertaken by senior executives
- *Stage 8:* Decision in principle to make investment, and signing of draft letters of intent, etc.
- *Stage 9:* Firm representative begins approval process, with help of the local IPA.
- *Stage 10:* Ground breaking and commencement of construction

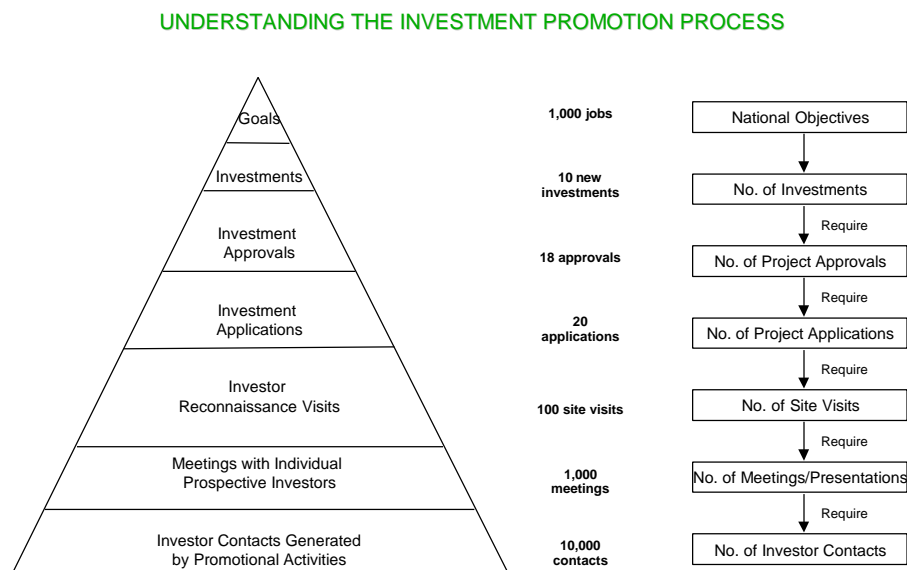
Conversion Ratios *To move an investor from one stage to another is the goal of the IPA promotional effort, and various individuals in the organization must be allocated*

responsibility for a particular 'conversion'. Usually, a key conversion is from Stage 5 to Stage 6 and obviously another key conversion is from Stage 7 to Stage 8.

Many of the IPA held up as models such as the IDA Ireland or the EDB Singapore and MEDIA in Mauritius actually operate a system of monetary reward for executives depending on their levels of success in effecting the conversions they are personally responsible for.

The lesson for the IPC in Jordan (and indeed others) is to have an efficient Investor Targeting System in operation, and then to maximize the number of initial contacts and presentations, as there is obviously a high attrition rate as the stages advance. Figure 13.1 below illustrates the process. The principle is illustrated in this figure by the example of an IPA requiring 10,000 targeted contacts to obtain 10 investments. This may be extreme but it makes the point effectively. An understanding of this process should drive (a) the setting of internal performance benchmarks for an IPA and (b) salary increments linked to individual performance as detailed in the Management Guides of the Management by Objectives (MBO) system.

Figure 13.1



Existing Quantitative Performance Figures

The consultants report that there is no existing system within the IPC of systematically recording all activities (e.g. no of site visits, no. of presentations to target firms, no. of investment missions abroad, a detailed analysis of each mission, etc). Additionally, the record keeping of investments actually made requires careful analysis, as there exists a large discrepancy between IMF figures and IPX figures, and finally the “Realization Ratio”, i.e. the percentage of approved investments which actually go ahead and develop the site, is low compared to international best practices. As a result of this analysis the consultants strongly recommend that the sparse and disparate information available is not sufficient to make real performance judgements and other management decisions upon. Additionally, it is not a solid foundation from which to measure the success or otherwise of such support projects as the AMIR project.

Recommended Performance Benchmarks

Given this situation, the consultants recommend the immediate set up of performance benchmarks which can be used over the course of the next four years of the AMIR project, as (1) measurements of success or lack of (2) as management decision making tools and (3) individual performance measurements. The following table details the suggested performance benchmarks to be established. These will be discussed with IPC management prior to the final report:

IPC JORDAN: PERFORMANCE BENCHMARKS

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	<ul style="list-style-type: none"> Dollar value and number of approved investments
	<ul style="list-style-type: none"> Dollar value and number of realized investments
	<ul style="list-style-type: none"> Jobs created from realized investments
	<ul style="list-style-type: none"> Number of industrial sites available
	<ul style="list-style-type: none"> Number of double taxation treaties with FDI high potential origin countries
	<ul style="list-style-type: none"> Number of Presentations to target firms
	<ul style="list-style-type: none"> Number of proactive Site Visits to Jordan by target firms facilitated by the IPC
	<ul style="list-style-type: none"> Number of reactive Site Visits to Jordan facilitated by the IPC
	<ul style="list-style-type: none"> Number of agents/representatives appointed in target countries
	<ul style="list-style-type: none"> Number of outward investment promotion missions
	<ul style="list-style-type: none"> Dollar value of marketing spend
	<ul style="list-style-type: none"> Number of staff trained in a given period in investment promotion best practices

A final set of performance benchmarks will be agreed between IPC Management and the Resident AMIR Advisor. These will become the basis for a management information and personnel performance tool, which will be used throughout the organization.

APPENDIX 1: CASE STUDIES IN INVESTMENT PROMOTION AGENCY (IPA) PRACTICES⁵

IRELAND

Introduction Ireland's stable economic environment, generous investment incentive packages, skilled and relatively low-cost labor force and its proximity and tariff-free access to the European Union (EU) market has made Ireland an attractive investment site, especially to U. S. investors. In recent years, Ireland has been actively promoting its capacity and competitive advantage to act as a hub for American firms in providing telemarketing and consumer service centers to the EU markets. The relative low cost of doing business, the low wage and European language skills of the Irish workforce, and its recently modernized telecommunications have been used as the selling points for its international telemarketing and technical support operations. Major computer and software companies such as Apple, Intel, Lotus Development, Microsoft, and Motorola have established operations in Ireland and reportedly have had no problems in recruiting qualified staff to provide technical support services. Remote international telecommunications operations have also been established in Ireland by leading American companies such as Dun & Bradstreet, McGraw Hill, Cigna, New York Life, Metropolitan Life, QC Data and Massachusetts Mutual.

Investment Incentives The Government of Ireland offers a wide range of tax and non-tax incentives to encourage foreign and domestic investment. The investment incentive laws in Ireland are administered by the Industrial Development Authority (IDA), which is charged with promoting industrial development and investment in Irish industries.

Investment Promotion Agency

The investment promotion activities of Ireland are carried out by IDA. The IDA operates nine regional offices in Ireland and 17

offices overseas. In the United States alone, IDA has six offices, one each in New York, Chicago, Los Angeles, Boston, Atlanta, and San Jose. IDA maintains six offices in Europe, four in east Asia, and one in Australia. IDA carries out a wide range of promotion activities, including the following:

- *Design and Dissemination of Promotional Literature*
IDA regularly publishes numerous multi-color, attractive promotional pamphlets and brochures in five languages: English, French, German, Japanese, and Italian. IDA's promotional literature reflects the highly targeted approach to investment attraction. Most of its literature is designed to appeal to a very specific group

⁵ Material in this Appendix relies heavily on information in a SRI report "Developing a Framework for Investment Promotion in the New South Africa" prepared for NEDLAC, April 1995.

of prospective investors - for example, German electronic firms, American services sector companies, etc.

IDA's promotional literature in the United States is specifically targeted toward information industries. Special brochures have been designed to advertise the capability of Irish firms to serve as central reservation centers, consumer services centers, technical support centers, and market research and telemarketing centers. Ireland's advanced telecommunications system, well -educated labor force, low wages, and investment incentive packages are highlighted in these brochures. IDA has routinely relied heavily on outside professional counsel in the design and production of its publications. As a result, IDA's promotional literature is clearly among the best produced worldwide. In addition, since most of IDA's literature is highly targeted, IDA's regional offices play central roles in the design and production of literature aimed at their markets.

- Advertisements / Media Campaigns
As in all other IDA promotional activities, advertising and media campaigns are technically and graphically first-rate; highly-targeted and with well-focused messages. Most advertising campaigns are aimed at changing certain negative perceptions prospective investors might have about Ireland's investment climate, or at creating a positive view toward investment opportunities.

- Press / Public Liaison

Press liaison within IDA focuses much attention on domestic press development. The press liaison office of IDA issues three to four press releases per week, highlighting new investment decisions, company expansions and other success stories. To protect prospective investors from an inquisitive press, IDA maintains careful control over media discussions with prospective investors by going to such lengths as registering the investor in a hotel without his company's identification. Prospective investors are also protected from overzealous politicians until an investment agreement is signed, at which time the announcement is made, usually jointly by IDA and the new investors. The press liaison office has access to all aspects of IDA's business and can respond to press inquiries quickly and with authority. The press liaison office also handles approximately 1,500 to 2,000 telephone inquiries per month from the public seeking information about various IDA-related activities.

- Seminars/Promotional Missions / Special Events

In the early days, IDA relied heavily on seminars to showcase the Irish investment climate in targeted overseas cities. These were usually hosted by large banks, accounting houses, or other private sectors groups with business activities in Ireland. IDA has been sufficiently successful over the years that it can now usually forgo such intermediaries and convene its own meetings directly. The missions sponsored by IDA usually include one or two Ministers and Members of Parliament, a senior IDA official and one or two overseas IDA staff members. In addition, prospective investors are always brought into contact with current investors in Ireland. Such seminars and promotional missions continue to play an important promotional function.

- Targeting of Investors

IDA's targeting of prospective investors has reached a level of sophistication that now includes the development of special events utilizing internationally renowned Irish talent to attract the attention of prospective investors. For example, IDA has used the occasion of overseas tours by well-known Irish entertainers and athletes to link up such celebrities with targeted corporate executives who have an interest in

classical music or sports. By arranging such meetings, IDA reasons that it gains a goodwill "foot-in-the-door"

for future follow-up. High-level dinners are also hosted by Ireland's overseas Ambassadors - primarily in Europe - to bring out prospective investors.

- Field Offices

Of IDA's total personnel of approximately 700, about 20 staff members are directly employed in the kind of activities that IDA routinely defines as promotional - i.e. press liaison, advertising and audio-visual, literature development, promotional tours, etc. However, since IDA's overall activities are geared toward industry-specific identification, recruitment, negotiation, approval and after-investment care, a substantially larger percentage of IDA's 700- person staff could be characterized as engaged in investment promotion broadly defined. In addition, at home and abroad, IDA liberally supplements its staff by relying on in-country consultants, advertisement agencies, and public relations firms.

Overseas IDA staff are generally recruited from IDA's home staff. These are individuals who know the IDA organization and how it operates, understand the Irish investment climate, incentives and difficulties and, above all, have private sector experience. Each overseas office has its own budget, based in part on the job creation targets assigned to that office for its attainment. The overseas office director also has authority to adjust staff salaries to make them commensurate with local salary structures and performance, thereby making an overseas post financially rewarding. IDA assigns various job-creation targets to its staff, which differ by country and sector, based on IDA's projections of what the investment market might bear.

Overseas staff, in turn, reports to the respective sectoral division in IDA Dublin to which they are assigned, such as consumer products, electronics, or pharmaceuticals. Overseas staff can speak knowledgeably with investors about the general investment climate as well as the specific conditions for a company in his or her given sector. In addition, overseas staff, with collaboration with Dublin staff, arranges all the details of country fact-finding missions for prospective

investors and subsequent special company presentations. Typically IDA's overseas staff who visits a prospective investor at his office makes such presentations.

SINGAPORE

Introduction Singapore represents one of the most dynamic and productive economies in the world. Over the years, Singapore has changed direction on several occasions to reflect new economic policy and strategy. As early as 1963, the government recognized that Singapore's historical entrepot role would become less and less viable as the newly independent nations of Southeast Asia sought to develop broad-based economies of their own. The response at that time, while Singapore was still politically affiliated with Malaysia, was a shift to labor-intensive manufacturing, based on import substitution and protected access to the larger Malaysian market. When Singapore left the Malaysian federation in 1965, it scrapped its import substitution policy in favor of an export development strategy. Active promotion of foreign investment played a key role in this new policy. The country achieved virtual full employment by the end of the 1960s, and began a drive that continues today to phase out labor-intensive industries and to replace them with more skill-intensive, higher value-added industries. From the early 1970s to the mid 1980s, this meant an emphasis on electronics and a few other high-technology manufacturing or assembly industries.

Starting in 1986, the country implemented a new policy aimed at stimulating investment in selected service industries. These include medical services, information services, education, management consultancy, and engineering servicing, among others. Recognizing that many service industries do not offer the same economies of scale that characterize manufacturing, the Economic Development Board, the statutory body responsible for investment promotion, has developed a strong focus on the problems faced by small and medium sized enterprises, and offers eligible firms a wide range of grant and incentive programs.

Investment Incentives Singapore takes an aggressively "proactive" promotion approach, targeting technology intensive industries such as those in the information industry sector. Singapore actively promotes the concept of the country serving as a "Total Business Center" or "Regional Management and Trading Hub."

Investment Promotion Agency

The Economic Development Board (EDB), a statutory board under the Ministry of Trade and Industry, has had primary responsibility for investment promotion and program development in Singapore since 1965. While it still retains these functions, the EDB over the past few years has spun off as independent statutory boards or public companies units dealing with the following:

- Ownership, development and management of industrial estates, now under the Jurong Town Corporation;
- Development finance, now under the Development Bank of Singapore;
- Export promotion, now managed by Intraco, a public trading company;
- Industrial research and standards, now under the Standards and Industrial Research Institute of Singapore (SIRIS);
- Productivity promotion, now implemented by the National Productivity Board.

The EDB is responsible for economic planning and investment promotion. Regarding the latter, the EDB assists prospective investors by conducting feasibility studies, arranging site visits, identifying potential joint venture partners, as assisting in the acquisition of finance, industrial land, facilities and labor. The EDB also helps companies deal with government agencies and provides export promotion assistance.

The EDB has the following divisions:

- Industry Development Division
- Services Promotion Division
- Small and Medium Enterprises Division
- Planning Division
- Marketing Support Division
- Manpower Development Division

The EDB maintains one domestic office and 15 international offices - seven in the United States, five in Europe, and three in Asia/Australia.

EGYPT

Introduction Despite undergoing two successive liberalization's of the policy regime toward private investment, Egypt has not been successful in promoting either foreign or domestic investment. A first overture toward foreign investment, the Open Door Policy of 1974, which created a series of incentives, brought forth only a slight response from the foreign business community. Some ten years later the incentive approval procedure was

overhauled, but again investment was not forthcoming. Entrepreneurs remain concerned over the possible return of nationalism and expropriation, as well as with the continued government control over the economy. Egypt benefits from a number of non-policy related attributes favorable to foreign investment: Its large domestic market, an inexpensive and relatively skilled labor pool, and a favorable location as an export base to Arab and African markets. Egypt's large population of 60 million represents an attractive potential market, although this advantage is mitigated by the low purchasing power of the vast majority of the population. Wages are low relative to other countries in the region, although much of the skilled labor force has left Egypt to work in other Arab countries. Egypt is located near European, African and Arab markets.

Investment Incentives Most foreign investment incentives are embodied in Egypt's law 230. This law guarantees the right to acquire foreign exchange to repatriate capital, offers a five-year corporate tax holiday (which can be extended to eight years, and even ten years for projects related to the establishment of new cities and land reclamation), and protects investors against expropriation or nationalization

Investment Promotion Agency

The enactment of the "Open Door Policy" not only provided the substance of investment incentives and how they would be implemented, but also established Egypt's initial investment promotion agency - the General Authority for Investment (GAFI). The problem was that GAFI had too many roles. It was charged with administering incentives, and with acting as a coordinating body of all the ministries with an interest in investment. As a result, GAFI came to view its role as primarily regulatory, and so it

did little in the way of true investment promotion. In the early 1980s, the U.S. Agency for International Development (A.I.D.) created a new, private sector-led investment promotion organization -- the United States Investment Promotion Organization (USIPO). USIPO was established due to concerns over the government's (GAFI's) poor promotional capabilities and record.

USIPO was governed by a public/private sector board (over a majority of which were private business executives). While it conducted a limited amount of marketing, USIPO's primary activity was administering a program to provide funding for feasibility studies and reconnaissance visits by potential U.S. investors. Because of the relatively poor investment climate throughout the 1980s, few investments came to fruition. Over time, USIPO began to turn its attention away from investment promotion and toward export promotion. Eventually the agency was renamed as the Trade Development Center (TDC). Currently there is no effective investment promotion organization in Egypt. GAFI continues to prepare investment guidebooks and promotional literature, but conducts little in the way of marketing. In addition, some business associations such as the Federation of Egyptian Industry (FEI) and the American Chamber of Commerce in Egypt (AmCham) provide some assistance to incoming investors. The general view prevailing in Egypt is that even today, investment promotion initiatives are premature until further improvements are made in the policy climate.

JAMAICA

Introduction Many producers of labor-intensive consumer goods, especially garments, have been attracted to the Kingston and Montego Bay export processing zones. However, a number of export-oriented investments have been made outside the zones. Initiatives in the agricultural area have concentrated on fresh fruit and vegetables as well as on spices and other high value horticulture crops. Only limited success has been achieved in agriculture. As a site for foreign investment, particularly light manufacturing, Jamaica offers the following advantages: An English-speaking workforce (2.4 million) available at competitive labor costs, a reliable power supply, easy market access to the United States, a long tax holiday, competitive transport costs, and an attractive labor code. Major disadvantages for investors include high rental rates and low quality facilities, a general perception of labor unrest, a reputation for drug smuggling, constraints on local sourcing, delays in customs clearance, and lack of trained workers and supervisors.

Investment Incentives Depending on the site selected, new investments in Jamaica can qualify for various investment incentives. The Jamaican free zones offer investors a perpetual income tax holiday and the privilege of importing capital goods and consumable supplies duty-free. Tax holidays of up to ten years are also granted to start-ups outside the free zones. Investors are also exempt from the 33 percent withholding tax on dividends, if they are exempt from income tax on such dividends in their country of residence.

Investment Promotion Agency

Investment attraction activities in Jamaica have been conducted by a series of governmental agencies. The first investment promotion organization was the Jamaica Industrial Development Corporation (JIDC), established in 1952 with a mandate to "stimulate, facilitate and undertake the development of industry." Thirty years later, in 1981, the Jamaica National Investment Promotion, Ltd. (JNIP) was established as a promotional arm of JIDC. JNIP was responsible for the promotion of both foreign and local investment into all sectors of the Jamaican economy, including manufacturing, agribusiness, tourism, construction, and

housing. Within three years, the JNIP staff expanded from a small number of individuals to approximately 100, and opened offices in New York, Washington DC, and Miami. Jamaica's promotion program has generally been considered much too large and costly both for the size of the country and for the results achieved. In 1988, JNIP was transformed into Jamaica Promotions Ltd. (JAMPRO). The new organization's mandate was broadened from investment promotion to promoting exports, and providing services for the existing business community as well. JAMPRO opened five additional offices around the world.

In large measure, JAMPRO continues the same promotional activities as its predecessor. JAMPRO staff members - specialists in one of the target industries - attend trade shows, place advertisements, conduct direct mail campaigns, and operate a public relations campaign. Also, the organization plans and organizes trade missions to the

United States, Europe, and the Far East, and welcomes missions from these areas to Jamaica. JAMPRO's target industries are in the areas of labor-intensive light manufacturing, principally apparel, electronic, and footwear assembly.

DOMINICAN REPUBLIC

Introduction The Dominican Republic (D.R.) has for more than three decades implemented investment promotion policies. Initially, the D.R. pursued a relatively aggressive export promotion strategy by offering special incentives for foreign investments (producers of exports). Dominican investors received discriminatory treatment (less than equal access) for free zone opportunities until 1979, the year in which the zones were opened to local investment. The Dominican government encouraged investments in free zones by providing tax breaks and allowing the market to set the prices of production inputs. At the same time, the government distorted prices in non-free zone operations. By providing fiscal and financial incentives to industries servicing the zones (a captive local market), the Government promoted the growth of inefficient industry outside the zones.

Investment Incentives Free zone operations represent the most popular activities for foreign investors in the Dominican Republic (outside the tourism sector). More than 300 foreign firms operate in 26 free zone parks, taking advantage of their duty free status. The free zone law exonerates firms of all Dominican duties, and income taxes for up to 20 years, depending upon the geographical location of the zone.

Investment Promotion Agency

The Investment Promotion Council of the Dominican Republic worked as the main investment promotion organization in the country from 1987 to 1992. The Investment Promotion Council was founded to complement policy efforts of the Dominican Government to spur investments producing non-traditional exports and reduce the country's dependence on sugar earnings. Prior to the 'PC's creation, the Dominican private sector expressed the need for an organization like the 'PC to promote new investment inflows.

At the same time, the Dominican private sector was looking for a "one stop shop" institution to avoid the red tape generated by having to deal with many laws and regulations and many governmental organizations. Two problems were always present:

(1) The unwillingness of the government to create a "one stop shop"; and (2) the fact that no one seemed interested in paying for investment promotion efforts overseas.

The IPC was established at the time when U.S. Agency for International Development (A.I.D.) was funding investment promotion programs throughout the Caribbean Basin. A.I.D. soon established the IPC and funded a complete program of institutional strengthening and promotion. The problem of funding for the investment promotion program was thus overcome. The private sector accepted the fact that the new organization would not be a "one stop shop. The Investment Promotion Council adopted a program that targeted two different kind of investors: (1) Export-oriented firms interested in setting up operations overseas, mainly in export processing zones; and (2) firms interested in contracting -out manufacturing work overseas. Besides these two targets, the 'PC was committed to pass on business leads that were out of these two areas main to other Dominican promotion organizations. The IPC was given the

mandate of promoting four sectors: (1) free zones, (2) agribusiness, (3) tourism and (4) mining. To accommodate budget constraints and take advantage of specialization, the 'PC decided to concentrate on free zone investors, leaving other sectors to specialized promotion organizations. Starting in 1987, the 'PC defined various sectors to be actively promoted. The main sectors selected were apparel, footwear and leather products, and electronic assembly. later, information industries, jewelry assembly, and games and sporting goods were added to the list.

- *Organizational Structure.* The IPC relied on the direction and advice of a Board of Directors composed of government and private sector representatives. The IPC Board defined and approved budgets and annual plans. The Executive Director was in charge of the execution of the budgets and plans. For execution, the Executive Director relied on the Marketing Department, a Membership Department, a Finance Department and an Information Department. With about seven professional staff members, the Marketing Department was able to cover all sectors targeted for promotion. Investment Counselors and Investment Guides were trained in promotion and sales and acquired a comprehensive knowledge of the industry for each was responsible.
- *Promotional Strategy.* The IPC's promotional strategy consisted of the "sale" of the D.R. as an investment or contracting site, support of investors visits to the D.R., assistance on dealing with government regulations, and technical assistance to local contractors. The IPC obtained its business leads through participation in trade shows and fairs, direct targeted mailings, visits to U.S. firms, advertisements in specialized journals and "cold" phone calls.
- *Promotional Materials.* The IPC developed promotional material based on general and sector-specific information. General information included basic facts and business operating conditions. Sector-specific information generally described the industry and its cost structure, basic investment laws and incentives and contractors within the sector. The information was disseminated in promotional videos, "fact sheets," flyers and brochures.
- *Advertisements / Media Campaign.* The IPC's promotional campaign was always focused. The 'PC decided to design a promotional campaign that targeted site selection executives, top management, contracting managers and manufacturers' representatives. The 'PC also targeted readers in pre-

established sectors. The 'PC designed a media campaign schedule taking into consideration every major trade show or fair. The 'PC also tried to encourage Dominican contractors and park managers to advertise in industry publication issues in which the Council was advertising. To the extent possible, the 'PC tried to coordinate media campaigns with show attendance and other promotional activities.

- Press / Public Liaison. The IPC contracted the services of a press writer and business media distribution firms. These services concentrated in giving Dominican presence in specialized publications and within these publications in special issues. The 'PC targeted the audience reading special issues for shows and fairs, World Guides, Atlases, etc. The 'PC also stressed to its marketing personnel the need to keep a close relationship with the commercial press and to keep them informed on business developments in the country.
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- Seminars and Promotional Missions. The IPC defined a schedule of attendance at major trade shows in the sectors it promoted --apparel, footwear and leather products, electronics and sporting goods. Where possible, the schedule covered east and west coast shows in the United States. The IPC also scheduled joint promotional efforts with the Economic Development Administration of Puerto Rico.

The IPC is an example of a relatively small promotion program with great success in a single area - free zones. By the time the IPC concluded its promotional activities, it was serving 26 industrial parks and more than 150 contractors in footwear and leather products, electronic assembly, jewelry, sporting goods and apparel manufacturing. The promotional activities the IPC undertook generated more than \$150 million in direct investment and contributed to the creation of over 140,000 jobs. The IPC was forced to close owing to completion of donor support to the organization. A new agency, OPI has now opened and is continuing the work of IPC.

APPENDIX 2: BOARD OF DIRECTORS AND THE INVESTMENT PROMOTION AGENCY

It is a given that the Board of Directors serves as the policy making body for an Investment Promotion Organization. Through the Director General of the Promotion Agency, a member of the Board, the Board sets the direction and supervises the overall operations of the Promotion Agency, leaving the day to day administration to the Director and his staff.

Effective promotion organizations are overseen by a Board of Directors composed of a majority from the private sector. As has been indicated in earlier passages of this paper, performing Investment Agencies, while government organizations by their structure, are obliged to render a personal service, and to manage investors and projects in a way that is not customary to typical government institutions.

In world class promotion organizations the Board of Directors is composed of prominent and influential persons who by their success and stature in business and industry not only understand the nature of the mission of the promotion organization, but are willing and able to act as a buffer between the promotion agency and the forces of regulation and bureaucracy which seek to coerce it into conformity with standard government practice. Members of the Board should have a sincere and impartial interest in the economic development of the country, and should play a proactive role in the process. Membership on the Board of Directors is viewed as a public service, a chance for private sector leaders to give back to their country which has rewarded them so well.

Investors should sense that when they are in contact with the Promotion Agency that they are through them in contact with the top business tier of the country. Board members would be available to meet with prospective investors, to advise them on business conditions in the country, to host them to meetings, tours, etc. Beyond this Board members would be available, subject to their busy schedules of course, to advise and counsel the management and staff of the Promotion Agency on matters pertaining to the intricacies of investment and business.

An Investment Promotion Agency without such strong support from the highest levels of government and business will languish in mediocrity.

APPENDIX 3: MANAGEMENT STYLE

The availability and accessibility of information is revolutionizing the way many organizations and companies are managed, and investment promotion agencies are not the exception. In the past leaders could assume that their very position in a hierarchy assured them the necessary access to the knowledge they would need to be effective. This is not the case any longer, as information travels with light speed around the globe, and is diffused into every office with access to a telephone line.

The easy accessibility of knowledge is rendering the hierarchical, power at the top organization obsolete. Employees at all levels have an entree to information, and leaders today can not know from where or when valuable knowledge will be coming, and thus are becoming more and more dependent on others for the information that they need to accomplish the goals of the organization.

Managers of promotion agencies, like managers of any marketing organization, are being obliged to discard the traditional methods of management which were designed for the supervision of production line workers where regularity, predictability and control were the norm, and to adjust to a working environment where staff at all levels of the organization are encouraged to disclose and communicate information, and where the traditional ways to measure performance are no longer valid.

If a staff member has a great idea for a new marketing program after working on the problem for two days, will she have another in two more days, or two more weeks ? In a promotion organization production can not be measured by the traditional means of counting the hours or weeks devoted to the task.

A fact of life for most investment promotion organizations is that they are government agencies, and as a result management is handicapped by those governmental rules and regulations that apply to all other governmental structures. This kind of bureaucratic management is anathema to a promotion agency, and the enemy of the leader who must adapt to the new realities of the methods that must be applied in the information age.

Leaders who are obliged to follow this style of management are not in reality "leaders" at all, for they are not directing their staff in any personal way, rather are managing by policies and procedures that smother any attempt at personal initiative.

A promotion organization depends upon, and therefore encourages, creativity and initiative on the part of its staff, and a bureaucratic system does not build initiative, to the contrary, it promotes the formation of strong work habits which, with time, become entrenched to the point that change meets with strong resistance. Employees usually do only what is expected of them, and regard supervisors more as time keepers than as managers.

The democratic style of management is more in keeping with the role of the investment promotion organization. This style of management features more a "we" approach to setting policy for the promotion agency. This approach is designed to build a strong team spirit, mutual respect and interdependence between management and staff, and among the staff members themselves.

This style of management works well for the educated staff of a promotion agency as it can produce a high quality and quantity of results. Staff appreciate management's trust in their abilities to get the job done. The Japanese are famous for using a democratic or consultative management style, and although their methods may sometimes resemble indecisiveness, once they are under way they move with total commitment on the part of the organization.

The consultative or democratic system delegates a lot of authority to staff who have earned the confidence of management, and frees top management from involvement with the day to day procedures and practices of the organization, leaving for the higher echelon the time and energy to concentrate upon strategic policy decisions, and on the alliance building outside the organization that is fundamental to its long term success.

Figure 8-1: Management Guide

JOB TITLE:

DIRECTOR: EXTERNAL PROMOTIONS

REPORTING STRUCTURE:

CHIEF EXECUTIVE OFFICER

KEY TASKS	KEY RESULT AREAS
1. Formulate and execute an ongoing investment promotion strategy for ISA on the basis of the Investor Targeting Studies (ITS) and the National Targeting Matrix (NTM).	<ul style="list-style-type: none"> ITS completion program maintained and deadlines met Integration of SDI, RILS, Cluster Studies into ITS Formulation of NTM Comparison of NTM to competitor agencies = strategies Comprehensive investment promotion strategy communicated to DTI and PIPA=S.
2. Formulate and execute, in consultation with the Department of Trade and Industry (DTI) and the Provincial Investment Promotions Agencies (PIPA=S) an annual outward investment mission schedule.	<ul style="list-style-type: none"> DTI Missions – produce, in consultation with Chief Directorate; Foreign Trade and PIPA=S, annual mission program – define ISA responsibilities. ISA Missions – in accordance with ITS and NTM Provide detailed pre-mission briefing Protect DTI and ISA mission integrity Provide detailed post-mission debriefing to Investment Advisory Services Division Post-mission evaluation from DTI/PIPA/business delegation
3. Initiate, Draft and Complete a program of corporate presentations to major foreign firms that operate in sectors identified by the ITS and the NTM which qualify as potential inward investors.	<ul style="list-style-type: none"> Produce detailed audio-visual presentation Consult panel of experts (private and public sectors) Establish network of foreign firms Establish network of RSA foreign offices Identify short list of companies and agencies – due-diligence report on each. Develop presentation materials for distribution
4. Develop and present an annual divisional work program to execute tasks 1,2 and 3.	<ul style="list-style-type: none"> Integrate key result areas from tasks 1,2 and 3 into operational plan
5. Develop, obtain approval for and ensure adherence to, an annual budget for the External Promotions divisions.	<ul style="list-style-type: none"> Current cost estimates for all functional tasks Cost-efficient utilization of divisional budget allocations

